



State of New Jersey
Board of Public Utilities
Two Gateway Center
Newark, New Jersey 07102

Jeanne M. Fox
President

Kristi Izzo
Board Secretary
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November 17, 2004

Re: *In the Matter of Public Service Electric and Gas Company's 2004/2005 Annual BGSS Commodity Charge Filing for its Residential Gas Customers Under its Periodic Pricing Mechanism and for Changes in its Gas Tariff Pursuant to N.J.S.A. 48:2-21 and N.J.S.A. 48:2-21.1 – Docket No. GR04050390*

In the Matter of the Petition of NUI Utilities Inc. d/b/a Elizabethtown Gas Company to (1) Revise its Periodic Basic Gas Supply Service Rate and (2) Revise its Commodity Rates for Commercial and Industrial Air Conditioning Distributed Generation Uses and Seasonal Delivery Service; and (3) Make Other Tariff Changes – Docket No. GR04060396

In the Matter of New Jersey Natural Gas Company for the Annual Review and Revision of its Gas Cost Recovery (GCR) Factor for Fiscal Year 2005 – Docket No. GR04060432

In the Matter of the Petition of South Jersey Gas Company to Change the Level of its Basic Gas Supply Service Charge (2004 BGSS) – Docket No. GR04060400

To the Attached Service List:

At its October 5, 2004 public agenda meeting, the Board determined to grant provisional Basic Gas Supply Service ("BGSS") rate increases in the above-captioned matters and to solicit comments from the Gas Distribution Companies ("GDCs") and the Ratepayer Advocate ("RPA") with respect to whether the GDCs may thereafter self-implement increases to provisional BGSS rates in the following December and February.

Please be advised that the Board considered the filed comments at its November 9, 2004 public agenda meeting. With respect to the annual BGSS rate filings which the GDCs are required to file by June 1 of each year pursuant to the Board's January 6, 2003 Order in I/M/O the Provision of Basic Gas Supply Service Pursuant to the Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 et seq., Docket No. GX01050304, the Board reiterated that because it might not be possible to complete a full and comprehensive review for all four GDCs by October 1, the issuance of negotiated provisional orders for rates effective October 1, upon notice and after public hearing, subject to refund after final Board decision, is appropriate. The Board further indicated that if such notice and hearing included a request for up to two self-implementing rate increases of up to five percent (5%) each on December 1 and February 1, these self implementing rates could also be provisionally implemented, subject to refund after final Board decision.

In order to ensure a systematic, periodic review of such rate increases, the Board further indicated its intent to finalize the prior year's BGSS rate filing before any provisional implementation of the next year's BGSS rates on October 1. In the event this cannot be done for a particular GDC because of specific circumstances that may arise, the Board, as part of its review of the next year's BGSS filing of that GDC, will consider the issue of whether additional provisional and self-implementing rates may be implemented on top of the prior year's provisional rates if the GDC seeks such provisional or self-implementing rates.

The Board further determined to maintain the 30 day notice period for self-implementing rate increases, but to grant a limited waiver (to 15 days) for the self-implementing December 1, 2004 rate increases proposed by New Jersey Natural Gas Company and NUI Utilities, Inc., d/b/a Elizabethtown Gas Company.

Sincerely,

A handwritten signature in black ink, appearing to read "Kristi Izzo", with a stylized flourish at the end.

Kristi Izzo
Secretary of the Board

HSW:KI:mlm

In the Matter of Public Service Electric and Gas Company's 2004/2005 Annual BGSS
Commodity Charge Filing for its Residential Gas Customers Under its Periodic Pricing
Mechanism and for Changes in its Gas Tariff Pursuant to N.J.S.A. 48:2-21 and N.J.S.A. 48:2-
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